BUREAU OF LAND MANAGEMENT
AND
USDA FOREST SERVICE

FLAT CANYON L.B.A. PUBLIC MEETING
Flat Canyon Campground
June 21, 2001

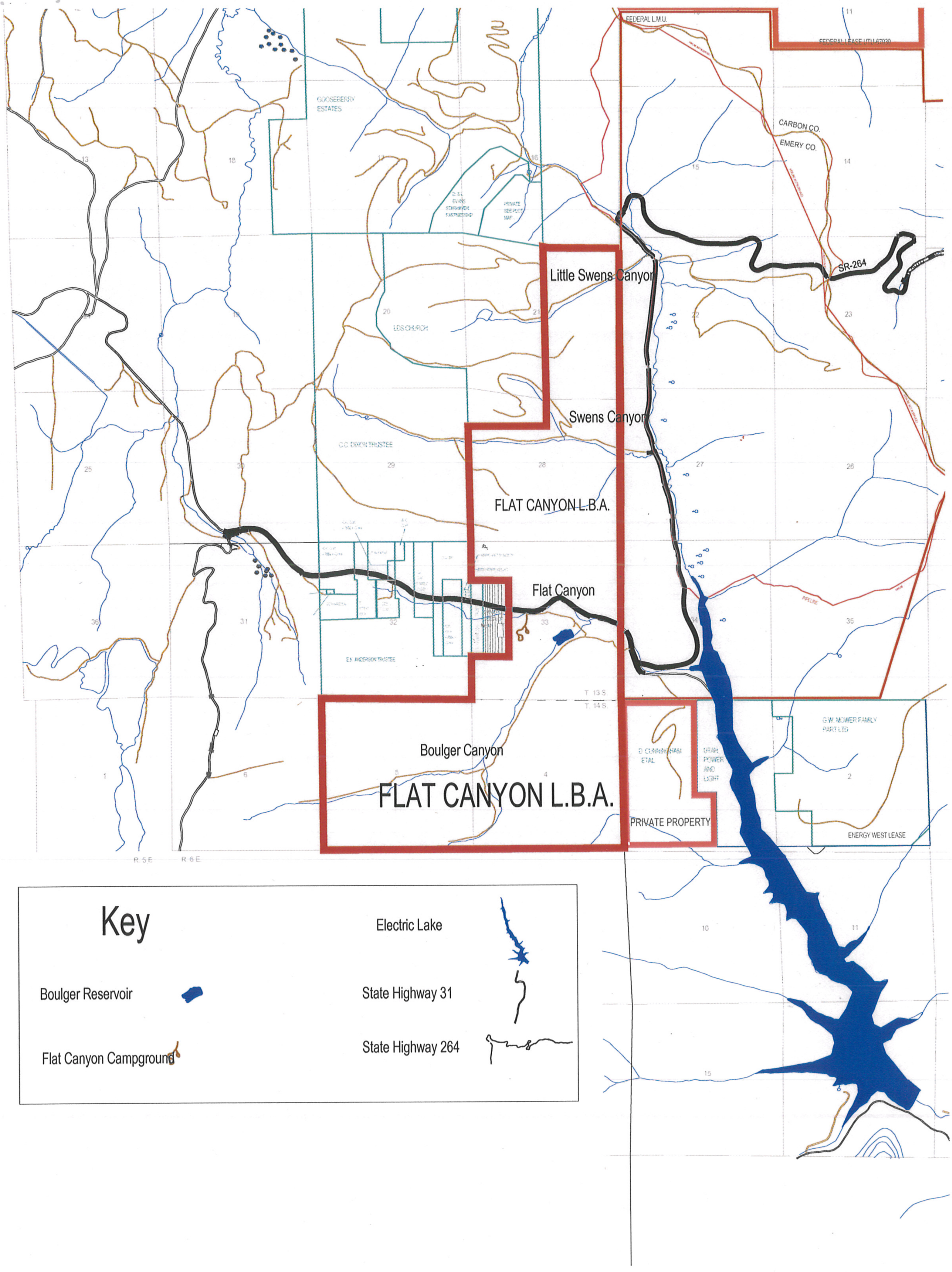
Public Hearing and Call for Public Comment on the Draft Environmental Impact Statement, Proposed Sale and Fair Market Value and Maximum Economic Recovery Consideration for Coal Lease Application UTU-77114. The lands included in the delineated Federal coal lease tract ("Flat Canyon") are located in Sanpete County, Utah approximately 10 miles southwest of Scofield, Utah on public and private land located in the Manti-La Sal National Forest.

For Further Information on the Fair Market Value and Maximum Economic Recovery Consideration Contact:

Stan Perkes, Mining Engineer
Bureau of Land Management
Utah State Office
324 South State Street, Suite 301
Salt Lake City, Utah 84111-2303
(801) 539-4038

For Further Information on the Draft Environmental Impact Statement Contact:

Carter Reed, Forest Geologist
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501
(435) 637-2817


FEDERAL L.M.U.
GOOSEBERRY ESTATES
CARBON CO.
EMERY CO.
SR-264
Little Swens Canyon
LDS CHURCH
Swens Canyon
C.C. DIXON TRUSTEE
FLAT CANYON L.B.A.
Flat Canyon
E.K. ANDERSON TRUSTEE
T. 13 S.
T. 14 S.
Boulger Canyon
FLAT CANYON L.B.A.
UTAH POWER AND LIGHT
PRIVATE PROPERTY
ENERGY WEST LEASE
R. 5 E.
R. 6 E.
Key
Electric Lake
Boulger Reservoir
State Highway 31
Flat Canyon Campground
State Highway 264

Discussion on Fair Market Value / Maximum Economic Recovery

Coal management regulations provide the opportunity for the public to comment on Fair Market Value / Maximum Economic Recovery before the government completes its fair market value appraisal of a tract to be offered for competitive lease sale. The public input is used by the government in development of the appraisal.

Fair Market Value (FMV) is an important aspect because the Coal Lease Amendments Act states "the Secretary of the Interior shall not accept a bid that is less than the fair market value of the coal subject to lease."

FMV is defined as: ***Fair Market Value (FMV)*** means that amount in cash, or on terms reasonably equivalent to cash, for which in all probability the coal deposit would be sold or leased by a knowledgeable owner willing but not obligated to sell or lease to a knowledgeable purchaser who desires but is not obligated to buy or lease.

An equally important aspect is that of the amount of recoverable coal in a lease to be offered. The government utilizes the term Maximum Economic Recovery (MER) for this determination.

MER is defined as: ***Maximum Economic Recovery (MER)*** means that, based on standard industry operating practrices, all profitable portions of a leased Federal coal deposit must be mined. At the times of MER determinations, consideration will be given to: existing proven technology; commercially available and economically feasible equipment; coal quality, quantity, and marketability; safety, exploration, operating, processing, and transportation costs; and compliance with applicable laws and regulations. The requirement of MER does not restrict the authority of the authorized officer to ensure the conservation of the recoverable coal reserves and other resources and to prevent the wasting of coal.

Comments on FMV/MER may be made tonight and/or sent to:

Stan Perkes, Mining Engineer
Bureau of Land Management
324 South State Street, Suite 301
Salt Lake City, UT 84111-2303 — By Close of Business, July 20, 2001

Comments on the Draft Environmental Impact Statement may be made tonight and/or sent to:

Carter Reed, Forest Geologist
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501 — By Close of Business, July 2, 2001

Specific Points of Consideration for FMV/MER

1. The quality and quantity of the coal resources;
2. The mining method or methods which would achieve maximum economic recovery of the coal, including specification of seams to be mined and the most desirable timing and rate of production;
3. The quantity of coal;
4. If this tract is likely to be mined as part of an existing mine and therefore be evaluated, on a realistic incremental basis, in relation to the existing mine to which it has the greatest value;
5. If this tract should be evaluated as part of a potential larger mining unit and evaluated as a portion of a new potential mine (i.e., a tract which does not in itself form a logical mining unit);
6. The configuration of any larger mining unit of which tract may be a part;
7. Restrictions to mining which may affect coal recovery;
8. The price that the mined coal would bring when sold;
9. Costs, include mining and reclamation, of producing the coal and the times of production;
10. The percentage rate at which anticipated income streams should be discounted, either in the absence of inflation or with inflation, in which case the anticipated rate of inflation should be given;
11. Depreciation and other tax accounting factors;
12. The value of any surface estate where held privately;
13. Documented information on the terms and conditions of recent and similar coal land transactions in the lease sale area; and
14. Any comparable sales data of similar coal lands.